

YOUTH SERVICES POLICY

Title: Recoupment of Overpayments Next Annual Review Date: 09/30/2010	Type: A. Administrative Sub Type: 2. Personnel Number: A.2.36
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References: Louisiana Administrative Code Title IV, Part III, Chapter 7; OSUP Memorandums #2004-04, #2005-41, #2005-44, and #2007-03; La. R.S. 42:460; YS Policies A.2.2 "Pay Administration and Management" and A.6.1 "Housing Perquisites"	
STATUS: Approved	
Approved By: Mary L. Livers, Deputy Secretary	Date of Approval: 09/30/2009

I. AUTHORITY:

Deputy Secretary of Youth Services as contained in La. R.S. 36:405. Deviation from this policy must be approved by the Deputy Secretary.

II. APPLICABILITY:

This policy applies to all Youth Services (YS) employees. It is the responsibility of each Unit Head and the Central Office Human Resources Director to ensure that all necessary procedures are in place to comply with the provisions of this policy.

III. PURPOSE:

To establish procedures for the recovery or collection of overpayments made to an employee, in accordance with the guidelines outlined by the Office of State Uniform Payroll (OSUP).

IV. POLICY:

It is the Deputy Secretary's policy to require the reimbursement and collection of any compensation erroneously issued to employees, such as wages, refunds of deductions, housing perquisites, or any other form of compensation erroneously paid. This policy represents the basic requirements outlined in the La. Administrative Code Title IV Part III, Chapter 7, for guiding YS' compliance with La. R.S. 42:460.

V. DEFINITIONS:

Active Employee – Any employee currently working for the agency that overpaid the employee.

Agency - Any of Louisiana's state departments.

Deduction - Any voluntary or involuntary reduction in net pay (i.e., health insurance, United Way, taxes, etc.).

Direct Deposit Reversal - A formal request to a financial institution to return funds deposited into an account.

Express Consent - An employee's verbal or written response to the written notification, agreeing with the overpayment amount and agreeing with the agency recoupment plan. [Refer to Attachment A.2.36(b) "Notice of Overpayment Letter".]

Gaining Unit/Agency - The unit or agency to which an overpaid employee is transferring.

Implied Consent - No response to the written notification. This implies that the employee agrees that he has been overpaid and agrees with the agency recoupment plan. [Refer to Attachment A.2.36(b).]

ISIS HR Paid Agency - A state agency which processes payroll through the ISIS HR System.

ISIS HR Non-Paid Agency - A state agency which uses a system other than the ISIS HR system to process payroll.

Losing Unit/Agency - The unit or agency from which the overpaid employee is terminating or transferring.

Net Pay - The amount of compensation due to an employee after withholding all voluntary and involuntary deductions from his wages and other compensation earned.

Office of State Uniform Payroll (OSUP) - The section within the Division of Administration primarily responsible for the statewide payroll system and administration of the rules governing state employee payroll deductions.

Overpayment - Unearned compensation paid to employees, including overpayment of wages, annual leave paid in error, as well as erroneous refunds of deductions.

Recoupment - Reimbursement of an overpayment made by an active or inactive employee.

Separated Employee - An employee who is no longer working for the agency which overpaid the employee.

Unit Head – Deputy Secretary, Facility Directors and Regional Managers.

YS Central Office - Offices of the Deputy Secretary, Undersecretary, Assistant Secretary, Deputy Undersecretary, Chief of Operations, Deputy Assistant Secretaries and their support staff.

VI. PROCEDURES:

The provisions of this policy apply to all types of overpayments to employees.

A. Condition of Employment:

1. Unit Heads are responsible for ensuring that notification of the recoupment policy occurs at the time a conditional offer of employment is made. A copy of the "Condition of Employment" form [Attachment A.2.36 (a)] must be signed and placed in the employee's personal file after employment is accepted.
2. Job offers shall be withheld from prospective employees refusing to sign these documents.

B. Detection of Overpayments and Internal Controls:

It shall be the responsibility of the Human Resources staff to regularly audit payroll documents to identify overpayments and to establish internal controls to ensure that overpayments do not occur. It shall also be the responsibility of all YS employees to immediately report any form of overpayment to the Human Resources staff where employed. Employees shall be required to reimburse YS for any overpayment regardless of the origin or cause of the overpayment.

C. Employee Notification Requirements:

Employees must be immediately notified in writing by the appropriate Human Resources staff once the determination has been made that an overpayment has occurred. Written notification [Attachment A.2.36 (b)] must be provided prior to withholding the recoupment from a future payment(s). The notification to the employee must include the following:

1. Pay date(s) the overpayment occurred;
2. Amount of the overpayment;
3. Reason for overpayment;
4. Agency plan of action for recoupment;
5. Employee options for reimbursement of overpayment, as appropriate; and
6. Procedure by which the proposed recoupment can be disputed.

D. Recoupment from Active Employees:

1. The following repayment options are available for recoupment:
 - a. Direct deposit reversal as outlined in the OSUP policy for direct deposit reversals;
 - b. One time deduction from a subsequent paycheck;
 - c. Payment plan (Recurring deductions can be established for a payment plan not to exceed 26 pay periods. Employees needing an extension of the repayment plan for any time over the 26 pay period limit must apply for the extension to Central Office HR staff, who must obtain OSUP approval for extensions.); or
 - d. Personal payment from the employee in the form of a check or money order after approval by OSUP.
2. If an active employee who has been overpaid is separating, the balance of the amount owed shall be withheld from the employee's final paycheck, subject to D.3. below.
3. The amount recouped cannot bring the employee's biweekly gross hourly wage below the federal minimum wage without express written permission from the employee.

E. Recoupment from Employees Transferring to another Unit or State Agency:

1. If an employee transfers to another unit or agency outside of Youth Services and the recoupment process has not completed, YS must notify the gaining unit/agency of the outstanding balance it is owed. YS must provide any pertinent documentation to the gaining unit/agency.

- a. If the employee is transferring to another ISIS HR paid agency, the gaining unit/agency must continue the payment plan that was established by YS. The gaining agency must follow the guidelines established by the Division of Administration for transferring the funds back to YS.
 - b. If the employee is transferring to an ISIS HR non-paid agency, YS must work with the gaining unit/agency to determine a reasonable solution to recoup the balance owed and the transfer of those funds back to YS.
2. If the gaining unit/agency establishes a payment plan for the recoupment of the balance owed, the amount recouped cannot bring the employee's biweekly gross hourly wage below the federal minimum wage without express written permission from the employee.

F. Recoupment from Separated Employees:

1. Human Resources staff must notify separated employees of overpayments in the same manner described in Section VI.B. of this policy and such notice shall also contain a demand for repayment.
2. The following repayment options are available to the separated employee:
 - a. One time personal payment from the former employee (i.e., personal check or money order); or
 - b. Payment plan.
 - 1) Employee may submit multiple payments upon signing an agreement with Human Resources.
 - 2) The period of the recoupment should not exceed 12 months.
3. If Human Resources staff have difficulty recovering overpayments from a separated employee, the Human Resources Director will refer the matter to YS Legal Services for a determination as to whether legal action is warranted. Factors to be considered are as follows:
 - a. Total dollar value of the overpayment;
 - b. Period of time during which the overpayment occurred;
 - c. Period of time that has elapsed since the overpayment;
 - d. Cost of recoupment efforts; and
 - e. Likelihood of success of continued recoupment efforts.

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Previous Regulation/Policy Number: A.2.36
Previous Effective Date: 06/04/2007



Attachments/References: Attachment (a) Condition of Employment - Recoupment of Overpayment 9-09.doc



Attachment (b) Notice of Overpayment Letter 9-09.doc